



Paid-Up Oil and Gas Lease

THIS AGREEMENT, made and entered into this 13th day of July, 1987, by and between Joyce Murdoch, a widow of HC 67 Box 100, Ft. Duchesne, Utah 84026; Mac E. Murdoch and Julie V. Murdoch, a married couple of HC 67 Box 105, Ft. Duchesne, Utah 84026; Robbin Murdoch and Rosemary Murdoch, a married couple of P.O. Box 732, Ft. Duchesne, Utah 84026; Sandra Whitmer and Lawrence Randall Whitmer, a married couple of Rt. 3 Box 3383, Myton, Utah 84052; hereinafter called lessor (whether one or more), and Mineral Rights Leasing LLC, a Utah limited liability company whose address is 140 West 2100 South Suite #134, Salt Lake City, Utah 84115, hereinafter called lessee.

WITNESSETH:

I, the lessor, for and in consideration of **TEN AND MORE** dollars (\$ 10.00+) in hand paid, receipt of which is hereby acknowledged, and of the agreements of lessor hereinafter set forth, hereby grants, leases, and lets exclusively unto lessee the lands described below for the purpose of investigating, prospecting, exploring (by geophysical and other methods), drilling, mining, operating for and producing oil or gas, or both (as defined below), together with the right to construct and maintain pipelines, telephone and electric lines, tanks, ponds, roadsways, plants, equipment, and structures thereon to produce, save and take care of oil and gas and water (which right shall include specifically a right-of-way and easement for ingress to and egress from said lands by lessee, or its assignees, agents or permittees, necessary to or associated with the construction and maintenance of such pipelines, telephone and electric lines, tanks, ponds, roadsways, plants, equipment, and structures on said lands to produce, save and take care of the oil and gas), and the exclusive right to inject air, gas, water, brine and other fluids from any source into the subsurface strata, and any and all other rights and privileges necessary, incident to, or associated with the commercial operation of said land above or subjacent to neighboring land, for the production, saving and taking care of oil and gas and the injection of air, gas, water, brine, and other fluids into the subsurface strata, and lands being situated in the County of Utah, State of Utah, to wit:

Township 2 South, Range 1 East, U.S.M.

Section 2: E/2 E/2 SE/4 SE/4, W/2 E/2 SE/4 SE/4, W/2 SE/4 SE/4

And containing **40.00** acres, more or less.

In addition to the land described above, lessor hereby grants, leases and lets exclusively unto lessee, to the same extent as if specifically described, lands which are owned or claimed by lessor by one of the following reasons: (1) all lands and rights acquired or retained by lessor by purchase, acquisition,租赁 or otherwise as the result of a change in the boundaries or ownership of any river or stream traversing or adjoining the lands described above; (2) all rights lands and rights which are or may be incident, appurtenant, related or attributed to lands in any state, even if not traversing or adjoining the lands described above by virtue of lessor's ownership of the land described above; (3) all lands included in any road, easement or right-of-way traversing or adjoining the lands described above which are or may be incident, appurtenant, related or attributed to lands by virtue of lessor's ownership of the land described above; and (4) all rights or titles of land adjacent or contiguous to the lands described above owned or acquired by lessor through adverse possession or other similar statutes of the state in which the lands are located.

The term oil as used in this lease shall be interpreted to include any liquid hydrocarbon substances which occur naturally in the earth, including dry gasoline or other natural condensate recovered from gas wells or from a manufacturing process. The term gas as used in this lease shall be interpreted to include any substance, either combustible or non-combustible, which is produced in a natural state from the earth and which maintains a gaseous or liquid state at ordinary temperature and pressure conditions, including but not limited to helium, nitrogen, carbon dioxide, hydrogen sulphide, coal bed methane gas, carbon dioxide gas and sulphur.

Subject to the other provisions herein contained, this lease shall remain in force for a term of **five (5) years** years from the date hereof (herein called "primary term") and as long thereafter as oil and gas, or either of them, is produced from the leased premises or drilling operations are continuously prosecuted. For purposes of this lease, a well completed for the production of coal bed methane gas shall be deemed to be producing under this lease at all times when drilling of the coal seam from which the coal bed methane gas will be produced is continuing. For purposes of this lease, "drilling operations" shall include operations for the drilling of a new well and operations for the reworking, deepening or plugging back of a well or hole; other operations conducted in an effort to establish, resume or re-establish production of oil and gas; drilling operations shall be considered to be "continuously prosecuted" if not more than one hundred twenty (120) days shall elapse between the completion and abandonment of one well or hole and the commencement of drilling operations on another well or hole; drilling operations shall be deemed to be re-commenced for a new well at such time as lessor has begun the reworking of the wellsite location or the tool which provides access to the wellsite location; and drilling operations shall be deemed to be commenced with respect to reworking, deepening, plugging back or other operations conducted in an effort to resume or re-establish production of oil and gas if such time as lessor has the requisite equipment for such operations at the wellsite.

2. The lessor shall deliver to the credit of the lessor as royalty, free of cost, in the pipe line to which lessee may connect his wells the equal one-sixth (1/6) part of all oil produced and saved from the leased premises, or lessor may from time to time at its option purchase any royalty oil in its possession, paying the market price (based on prevailing oil of file grade and gravity in the field where produced on the date of purchase).

The lessor shall pay lessor, as royalty, on gas, including natural gas or other gaseous substances, produced from the leased premises and sold or used off the premises or used in the manufacture of gasoline or other products, the market value of one well of one-thousand (100) barrels of gas sold or used, provided that on gas sold the royalty shall be one-sixth (1/6) of the amount realized from such sale. The amount realized from the sale of gas shall be the price established by the gas sales contract entered into in good faith by lessor and a gas producer for such time and under such conditions as are customary in the industry. Price shall mean the net amount received by lessor after giving effect to applicable regulatory orders and after application of any applicable price differentials specified in such contract or regulatory orders. In the event lessor compresses, heats, purifies or dehydrates such gas (whether on or off the leased premises), lessor in computing royalty hereunder may deduct from such price a reasonable charge for each of such fractions performed. Any transportation charge to the regular wells will be at a rate that is fair to either transportation fees or production fees for production in the area.

3. This a paid-up lease and all cash consideration first recited above and annual rentals have been paid to lessor in advance to keep this lease in full force and effect throughout the primary term. In consideration of the payment of such cash consideration and advance annual rentals, lessor agrees that lessor shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the primary term. Lessor may at any time or times during or after the primary term terminate this lease as to all or any portion of the land described above, and as to any wells or strata, by delivering to lessor or by filing of record a release or releases, and be relieved of all obligations thereafter according to the acreage surrendered.

4. All payments required to be made to lessor pursuant to this lease, other than the payment of my share, may be paid by lessor to the lessor or lessor's credit in the Bank, at Direct to Lessee (or its successor or successors, or any bank with which it may be merged or succeeded), or which succeeds to its business assets or any part thereof, by purchase or otherwise) which shall constitute as the depositary regardless of changes in the ownership of said land or the oil and gas. All such payments may be made by cash, check or draft, wired or delivered on or before the due date for that payment. Any payment so made shall be binding upon the lessor, lessor's successors and assigns in interest or on lessor's assigns.

5. If, at the expiration of the primary term of this lease, oil or gas is not being produced from the leased premises but lessor is then engaged in drilling operations, this lease shall continue in force so long as drilling operations are continuously prosecuted, and if production of oil or gas results from any such drilling operations, this lease shall continue in force so long as oil or gas shall be produced from the leased premises. If, after the expiration of the primary term of this lease, production on the leased premises should cease for any cause, this lease shall not terminate if lessor is then engaged in drilling operations, or within one hundred twenty (120) days of such cessation of production commences or resumes drilling operations, and this lease shall remain in force so long as drilling operations are continuously prosecuted, and if production results therefrom, then as long thereafter as oil or gas is produced from the leased premises.

6. If at any time, either before or after the expiration of the primary term of this lease, there is a well capable of producing oil or gas on lands covered by this lease, or on other lands with which lands owned by this lease are pooled or unitized, but the well is shut-in, whether before or after production therefrom and this lease is not being exercised otherwise as provided herein, this lease shall not terminate (unless released by lessor) and it shall nevertheless be considered that oil or gas is being produced from lands covered by this lease during all times while the well is so shut-in. Lessor shall use reasonable diligence to market the oil or gas capable of being produced from such shut-in well, but shall not be obligated to market the oil or gas under terms, conditions or circumstances which, in lessor's judgment exercised in good faith, are discriminatory. When the lease is continued in force in this manner, lessor may tender to the lessor or lessor's successors or assigns, an amount equal to \$1.00 per year per net acre ascribed by the lease. Such payment shall be made on or before the shut-in royalty payment due, as defined below, and occurring after the expiration of one hundred twenty (120) days from the date the well was shut-in, unless prior to such date oil or gas from the well is sold or used or the lease is otherwise terminated as provided herein. In the manner, or before such time exceeding shut-in royalty payment due, while such well remains shut-in, lessor shall make payment of shut-in royalty in the same amount and manner. The term "shut-in royalty payment due" shall mean the anniversary date of this lease. Any shut-in royalty payment may be made by cash, draft or check, mailed or tendered on or before the shut-in royalty due. Lessor's failure to pay or tender, or properly pay or tender, any such sum shall result in lessor liable for the amount due but is shall not operate to terminate the lease.

7. If lessor owns a lesser interest in the above described land than the entire and undivided fee simple estate therein, then the royalty, including shut-in royalty, herein provided shall be paid to lessor only as the proportion which lessor's interest bears to the whole and undivided fee. Any interest in production from the lands described herein to which the interest of lessor may be subject shall be deducted from the royalty herein provided.

8. Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for its operation thereon, except water from wells and reservoirs of lessor. Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to drain and restore same.

9. Lessee shall pay to lessor reasonable amounts for damages caused by its operations in growing crops on said land. When harvested by lessor, lessee shall bury its pipelines which traverse or intersect lands below plow depth. No well shall be drilled closer than two hundred (200) feet to a house or barn now on said premises, without written consent of lessor. Lessee shall have the right at any time (but not the obligation), to remove all improvements, machinery, and fixtures placed or erected by lessor to said premises, including the right to plant and remove crops.

10. Lessor is hereby given the right and power at any time and from time to time as a recurring right, either before or after production, as to all or any part of the land described above and as to any one or more of the formations heretofter, to pool or unitize the land and the mineral estate covered by this lease with other land, lease or leases or the interest or rights in the land and/or mineral estate for the production of oil and gas, or separately for the production of oil, when it is deemed necessary or advisable to do so, and irrespective of whether such unit or units will be co-owned with respect to such other land, lease or leases. In such case, costs previously incurred to include formations not producing oil or gas may be referred to exclude such non-producing formations. The forming or re-forming of any unit shall be accomplished by lease covering as filing of record a declaration of such unitization or re-unitization, which declaration shall describe the unit. Any unit may include land upon which a well has heretofore been completed or upon which drilling operations have been conducted. Production, drilling or re-drilling operations or a well situated under this lease, in lieu of the royalties elsewhere herein specified, lessor shall receive or produce royalty from the unit so pooled royalties only on the portion of such production allocated to this lease; such allocation shall be in proportion of the net production that the total number of surface acres covered by this lease and included in the unit bears to the total number of surface acres in such unit.

11. Lessee shall have the right to reduce, pool, or combine all or any part of the land described above as to one or more of the formations thereto under by either lands in the same general area by entering into a cooperative or unit plan of development or operation agreed upon by my governmental authority and, from time to time, with the approval, to modify, change or terminate any such plan or agreement and, in such event, the terms, conditions, and provisions of this lease shall be deemed modified to conform to the terms, conditions, and provisions of such approved cooperative or unit plan of development or operation and particularly, all drilling and development requirements of this lease, express or implied, shall be satisfied by compliance with the drilling and development requirements of such plan or agreement, and the lease not terminate or expire during the life of such plan or agreement. In the event that the land described above or any part thereof shall thereafter be operated under any such cooperative or unit plan of development or operation whereby the production therefrom is allocated to different portions of the land covered by said plan, then the production allocated to any particular tract of land shall, for the purpose of computing the royalties to be paid hereunder to lessor, be rejected as having been produced from the particular tract of land to which it is allocated and not to any other tract of land, and the royalty payments to be made hereunder to lessor shall be based upon production only as so allocated.

12. If the estate of either party herein is assigned or sublet, and the privilege of assigning or subletting is whole or in part is expressly allowed, the express and implied covenants hereof shall extend to the assignee, successors and assigns of the parties, and in the event of an assignment or subletting by lessor, lessor shall be relieved and discharged from the leased rights so assigned or sublet from any liability to lessee, provided each and every one of the covenants and conditions of this lease, either express or implied. No change in ownership of the land, royalties, or other property, however accomplished, shall operate to release the assignee or diminish the rights of lessee or require separate accounting of his share of separate rents by lessor. Notwithstanding any such transfer or conversion, a notice of lease, no charge or ownership of oil and/or gas or the right to receive or receive payment of oil and/or gas or the right to receive royalties or other payments hereunder, or of any interest therein, whether by reason of death, conveyance or any other means, shall be binding on lessor (except at lessor's option in any particular case) until one hundred thirty (130) days after lessor has been furnished a written notice thereof, and the supporting information hereinfor referred to, by the party claiming as a result of such change in ownership or interest. Such notice shall be supported by original and certified copies of all documents and other instruments or proceedings necessary in lessor's opinion to establish the ownership of the claiming party.

13. In the interest of conservation, the protection of reservoir pressures and recovery of the greatest ultimate yield of oil and/or gas, lessee shall have the right to receive the leased premises with older royalties in the same general area for the purpose of operating and maintaining repressuring and recycling facilities, and for such purpose may locate such facilities, including tank wells, upon leased premises, and no royalties shall be payable hereunder upon any gas used for repressuring and recycling operations benefitting the leased premises.

14. If lessor, during the primary term of this lease, receives a bona fide offer from a third party to purchase from lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with such lease to become effective upon expiration of this lease, which lessor is willing to accept from the offering party, lessor hereby agrees to notify lessor in writing of said offer extenuated, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen (15) days after the receipt of the notice, shall have the prior and preferred right and option to purchase the lease or put thereof or interest therein held by the offeror at the price and to the terms and conditions specified in the offer. All offers made up to and including the last day of the primary term of this lease shall be subject to the terms and conditions of this paragraph 14. Should lessor elect not to pursue the lease pursuant to its terms herein, it shall so notify lessor in writing by mail, telefax, or telegram prior to expiration of said fifteen (15) day period. Lessee shall promptly thereafter furnish to lessor the new lease for execution by lessor along with lessor's right draft payable to lessor in payment of the deposit amount as consideration for the new lease, such draft being subject to approval of title according to the terms hereof. Upon receipt thereof, lessor shall promptly execute said lease and return same along with the draft through lessor's bank of record for payment.

15. In the event lessor considers that lessee has not complied with all his obligations hereunder, either express or implied, lessor shall notify lessor in writing, setting out specifically in what respects lessor has breached this lease. Lessee shall then have forty (40) days after receipt of such notice within which to correct or commence to correct all or any part of the breaches alleged by lessor. The service of said notice shall be preceded by the bringing of any action by lessor or suit here for any cause, and no such action shall be brought until the lapse of forty (40) days after service of such notice on lessor. Neither the service of said notice nor the doing of any acts by lessor aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessor has failed to perform all his obligations hereunder. This lease shall never be forfeited or canceled for failure to perform in whole or in part any of its implied covenants, conditions, or stipulations until a judicial determination is made that such failure exists and lessor fails within a reasonable time to satisfy any such covenants, conditions, or stipulations.

16. All express and implied covenants of this lease shall be subject to all federal and state, county or municipal laws, executive orders, rules and regulations, and lessor's obligations and covenants hereunder, whether express or implied, shall be suspended at the time or from time to time as compliance with such obligations and covenants is prevented or hindered by or is in conflict with federal, state, county, or municipal laws, rules, regulations or executive orders asserted as official by or under public authority claiming jurisdiction, or Act of God, where field, neighbor, or market conditions, inability to obtain materials in the open market or transportation thereof, wars, strikes, lockouts, riots, or other conditions or circumstances, are wholly controlled by lessor, and that lease shall not be terminated in whole or in part, nor lessor held liable for damages for failure to comply with any such obligations or covenants if compliance therewith is prevented or hindered by or is in conflict with any of the foregoing circumstances. The time during which lessor shall be prevented from conducting drilling or working operations during the primary term of this lease, under the circumstances above stated, shall be added to the primary term of the lease.

17. Lessor hereby warrants and agrees to defend the title to the lands described above, and agrees that the lessor, at its option, shall have the right at any time to pay for lessor, any mortgage, taxes or other fees existing, legal or otherwise or against the above described lands in the event of default of payment by lessor and be subrogated to the rights of the holder thereof, and lessor hereby agrees that any such payments made by lessor for the lessor may be deducted from any amounts of money which may become due the lessor under the terms of this lease.

18. This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors in interest, in whole or in part, of said lessor or lessee.

19. With respect to and for the purpose of this lease, lessor, and each of them if there be more than one, hereby release and waive the right of homestead.

WITNESS WHEREOF witness our hands as of the day and year first above written:

Joyce Murdock
Joyce Murdock

Mac E. Murdock
Mac E. Murdock

Robbin Murdock
Robbin Murdock

Lawrence R. Whiteman
Lawrence Randall Whiteman

Julie Y. Murdock
Julie Y. Murdock

Rosemary Murray Murdock
Rosemary Murray Murdock

Sandria Whitmer
Sandria Whitmer

ACKNOWLEDGMENT

Mac. E. Murdock *Julie Y. Murdock*
Robbin Murdock *Rosemary Murray Murdock*
Lawrence R. Whiteman *Sandria Whitmer*

STATE OF Utah X
COUNTY OF Duchesne X

BEFORE ME, the undersigned, a Notary Public, in and for said County and State,
on this 7th day of August, 2012 personally appeared Joyce Murdock to me known to be the Person whose is described in and who executed the within instrument in my presence,
and who further acknowledged to me that she has this day executed the same as her free and voluntary act and deed, including the release and waiver of the right of homestead, and in the capacity stated therein.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.

My Commission Expires
NOV. 28, 2012

Notary Public

Ron L. Wood
Ron L. Wood
Notary Public
State of Utah
Lease Date No. 376002
By Com. Exp'd Nov 28, 2012